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DISCUSSION BULLETIN

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With only one genuine response to something published in an earlier DB, the name Discussion Bulletin seems to be a misnomer. But we here at PO Box 1564 don't let that stand in our way. If original material isn't at hand, we can always find interesting things to take from other sources in the DB's political sector.

For this issue we began by lifting the entire text of the Socialist Party (of Great Britain's) educational publication on economic crises. Readers who would like a copy of the original (with larger type) can obtain it for 20 pence, about half a dollar from the address given.

(to p. 8)

ABOUT THE DISCUSSION BULLETIN

The Discussion Bulletin is affiliated with the Industrial Union Caucus in Education (IUCE). It serves as the financially and politically independent forum of a relatively unknown sector of political thought that places the great divide in the "left," not between Anarchists and Marxists but between capitalism's statist leftwing of vanguardists and social democrats and the real revolutionaries of our era: the non-market, anti-statist, libertarian socialists. They are organized in small groups of syndicalists, communist anarchists, libertarian municipalists, world socialists, socialist industrial unionists, council communists, and left communists. The perspective of these groups with their rejection of capitalism's wage, market, and money system as well as capitalist politics and unionism constitutes the only real alternative to capitalism in both its market and statist phases.

In the DB the often antagonistic groups that make up this sector can debate and discuss the issues that divide them, gain some understanding of their history and future possibilities and begin a process, we hope, of at least limited cooperation.

The pages of the DB are open to anyone in this political sector, the only limitation being that submissions be typewritten, single-spaced, and copier ready. We do no editing here. As to content, we assume that submissions will be relevant to the purpose of the DB and will avoid personal attacks.

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INTRODUCTION

Britain, in common with a number of other countries, is currently in a recession. Investment has been curbed, output in a great many industries has fallen, and unemployment has risen. Historically, recessions have been a central feature of capitalism since the industrialisation of society. Britain has endured three particularly severe recessions; the great depression of the 1880s, the slump of the 1930s, and the more recent recession of the 1980s. We may now be in the fourth really major slump to have hit Britain; time will tell.

This education document will principally look at some of the theories that have been put forward to explain why periods of relative economic prosperity are regularly and sometimes violently interrupted by periods of economic downturn.

KEYNES AND GOVERNMENT INTERVENTION

In his 1936 *General Theory of Employment, Interest and Money* Keynes argued that slumps are caused by a lack of effective demand in the economy. Like Karl Marx, Keynes rejected Say's law that "every seller brings a buyer to market". Keynes saw that profits did not automatically have to be spent and could be hoarded or saved, thereby causing a dislocation in production. Keynes argued that in a slump there is generalised overproduction, that is, that existing production and output has outstripped effective market demand. He argued that this arose because investors find that it is not in their interests to invest further, and decide to hoard their money instead. Keynes also held that the higher someone's income, the lower their "propensity to consume" would be: they would spend proportionately less of their income as it increased, and save proportionately more. Indeed, he came to believe that a too unequal distribution of income alone could lead to a permanent slump if nothing was done about it.

The solution Keynes put forward to this apparent problem is important as it came to be taken up, at least in theory, by all the major political parties in this country and many others elsewhere, during and after the Second World War. Keynes's solution was not a simple one, but comprised three basic parts.

The first step demanded by Keynes of governments when faced with a slump was that they should increase their expenditure and run budget deficits. The state's spending more than it collected in revenue from taxation, Keynes thought, would serve to inject additional demand into the economy - demand, in a slump, that is lacking. This was interpreted by the Labour Party in their 1944 policy statement *Full Employment and Financial Policy* to mean that when unemployment and recession threatened:

"We should at once increase expenditure, both on consumption and on development i.e. both on consumer goods and capital goods. We should give people more money

and not less to spend. If need be we should borrow to cover government expenditure. We need not aim at balancing the budget year by year".

The second aspect of Keynes's plan for capitalism without slumps was that the system of taxation should also be changed. Those with higher incomes and a lower propensity to consume and a tendency to hoard and save a significant part of their income, would be taxed more and those on low incomes would be taxed less. This re-distribution was again intended to increase consumption and market demand.

The third major idea put forward by Keynes was that it was no longer necessary for governments to "watch and control" the creation of currency. The resulting printing of an excess of paper currency has been the real cause of the persistent rise in the price level in this country since 1940 or thereabouts.

These Keynesian theories on how to avoid a slump held almost unchallenged sway until the 1970s. The idea that governments can intervene in the economy to provide employment and offset a slump stems largely from Keynes. However, since the mid 1970s governments in Britain have tended to distance themselves from Keynes.

KEYNES ABANDONED

Neither the Conservative Party nor the Labour Party now believe in the whole Keynesian package. Why is this? The answer lies in the practical failure of Keynesian policies to offset economic recessions wherever they have been applied. The most notable attempt to put Keynes's ideas into practice in this country occurred in 1974 when the newly-elected Labour government under Harold Wilson ran huge budget deficits, increased government expenditure and greatly expanded the note issue to literally give people more money to spend. When the policy was embarked upon, unemployment was rising towards the now relatively low level of about 750,000. Three years later, after this policy had been applied, unemployment was at 1.6 million. It had more than doubled. This type of experience has been repeated many times in other countries such as France, where Mitterrand in 1981-82 did the same thing and eventually had to abandon his attempt at using Keynesian policy to avert a slump because it proved ineffective in the face of rising unemployment.

What happened during the 1970s and early 1980s was that Keynesian policy clearly failed when put to a practical test. In addition, its adherents had no real theoretical answer to the appearance across much of the world of what the economists call "stagflation" - rising unemployment and industrial stagnation coupled with persistently-rising prices. In Keynesian theory unemployment and stagnation were a product of deficient demand, while rising prices were the product of an excess of demand in the economy. So a situation where prices are sharply rising at the same time as the economy is in a recession cannot be explained in terms of Keynesian theory.

Although only political mavericks and those on the wilder reaches of Labour's left-wing now still unashamedly use the language of Keynes, his influence has remained to the extent that many still hold the view that governments can, by their manipulation of the economy, avert a depression.

BACK TO MARX

The fact of the matter is that if you are looking for reasons why there are recessions, and how that situation can be ended, you will look in vain to the capitalist political parties whose aim it is to see that the profit system works efficiently and who promise that they can make it work smoothly without periods of economic downturn.

To get a proper understanding of the phenomenon of recessions you have to look back to someone the press and TV tell us has been discredited and whose influence in the world is supposed to have been wholly bad - Karl Marx. It was Marx who developed a real understanding of how the capitalist system operates and why it constantly fails to live up to the hopes of the politicians who preside over it.

Marx argued that "capitalist production moves through certain periodical cycles. It moves through a state of quiescence, growing animation, prosperity, over trade, crisis and stagnation" (*Value, Price and Profit*, chapter XIII). He showed that capitalism's drive towards expansion is not a straight upward line but proceeded through cycles. Though there is a general upward trend in terms of total production, this is necessarily punctuated by periods in which production falls and unemployment grows. This analysis is, of course, in line with capitalist reality. Throughout its history capitalism has developed in this way. No-one has prevented slumps from happening or been able to ensure permanent boom conditions. That much is self-evident.

Marx himself did not leave a fully worked-out theory of why crises and depressions happen; a subject he proposed to deal with at length in the projected 6th volume of *Capital*. However, in part of his published analysis of the laws of motion of the capitalist system, Marx did leave behind some clear ideas and pointers as to why crises and recessions inevitably occur under capitalism.

Most writers and political organisations, claiming to stand in the Marxist tradition, have tended to put one of two basic types of view about crises and recessions. The first is that it is the falling rate of profit due to technical progress that is the cause of crises and slumps. The second sees slumps being the product of the restricted consumption of the working class. Both views are inadequate.

FALLING RATE OF PROFIT

The rate of profit is the rate of return on invested capital. It is expressed by the formula: $S/(C + V)$, or surplus value (the unpaid labour of the working class), divided by constant capital (investment in machines, buildings, raw materials etc) plus variable capital (wages and salaries).

Surplus value arises solely from the variable part of the total capital, but as capitalism progresses technically so the

amount of capital invested in machines and materials and the like will tend to rise. This means that the source of surplus value, variable capital, declines relative to constant capital and, other things being equal, so will the rate of surplus value to total capital.

Marx wrote about the tendency of the average rate of profit to fall in response to the views of classical economists such as Ricardo and John Stuart Mill, who had contemplated the eventual stagnation of the capitalist mode of production because the rate of profit would fall so low. Marx showed why this would be a very distant prospect since the tendency of the average rate of profit to fall in capitalism would be a very slow process indeed.

For Marx, the falling rate of profit was not an inexorable law of capitalism, but simply a tendency that could be slowed, and even reversed, by countervailing factors. These counter-tendencies generally involve cheapening the elements of constant capital or increasing the amount of surplus value extracted from the workers either by increasing productivity and the intensity of work or by lengthening of the working day through the introduction of shift work and so on (see *Capital*, Vol III, chapter 14).

Despite this, a number of organisations insist that the long-term tendency for the average rate of profit to fall is central to Marx's explanation of economic crises. This is, by and large, the view taken by the SWP (see, for instance, *Explaining the Crisis* by Chris Harman, Bookmarks, 1986), by the RCG (see *The Revolutionary Road to Communism in Britain*, Larkin Publications, 1984) and others, and it comes as no surprise that, whenever capitalism is in crisis, they argue that the final state of stagnation has been reached, or is just around the corner.

In reality, of course, capitalism has not had a final crisis or breakdown. Nor is it true that a long-term fall in the average rate of profit is the causal explanation of crises and depressions. For this to be so, technical progress in capitalism, and the increase in constant capital relative to variable capital, would have to be extraordinarily rapid, and in practice it rarely, if ever, is. The tendency of the rate of profit to fall due to technical progress has therefore to be dismissed as a cause of crises.

NOT ENOUGH SURPLUS VALUE?

A more interesting variant on "the tendency of the falling rate of profit as a cause of crises" view is the one which focuses on the falling rate of profit in conjunction with the idea that the onset of a crisis corresponds to a period of insufficient production of surplus value. This is the view associated with writers like Paul Mattick (see his *Marx and Keynes*, Merlin Press, 1980 and *Economic Crisis and Crisis Theory*, Merlin Press, 1981) and from a general theoretical point of view it does have a limited validity.

This theory is valid in the sense that, in theory, after a prolonged period of capitalist prosperity the reserve army of labour could all but disappear, forcing wages up which would cut into profits and lower the rate of profit itself. Whether this has actually been the cause of any crisis in recent years in a

country' like Britain is rather more open to question. The international mobility of labour ensures that the reserve army of labour is not entirely depleted in a period of boom. There is also the fact that there are millions of women workers, housewives and others who ebb and flow on the fringes of the labour market.

There are other difficulties associated with the view that crises are a product of rising wages cutting into profits. After all, if this is the cause of a crisis then the solution would appear to lie in increasing the production of surplus value by increasing the exploitation of the working class. This would most likely involve cuts in real pay for the workers, leading to increased profits. It should be obvious that, if taken far enough, this argument can degenerate into pure Tory Party-style propaganda along the lines of "wages are the real cause of the crisis; if the workers and trades unions would forgo wage increases then the problem would be solved".

What this view overlooks is that when a crisis occurs, simply increasing the production of surplus value is not the major precondition for a return to a boom situation. In a capitalist crisis there is an overproduction of commodities for market sale, so there will already be large stock-piles of commodities that no-one can buy. There can, therefore, be little to gain by reducing the effective demand of the working class through pay cuts so that investment can be increased even further and more commodities can be produced when there is no-one willing or able to buy them.

Nor is there any empirical evidence to suggest that when a crisis has begun and unemployment starts to rise wage restraint can provide a solution. Far from it. When the last Labour government imposed wage restraint after an economic crisis unemployment continued to rise steadily, and that has been an experience repeated on innumerable occasions across the globe.

UNDERCONSUMPTION

The second type of view on the cause of crises and depressions put by some of those in the Marxist tradition is that crises are caused by underconsumption. It has been put in a variety of forms by a variety of people, but perhaps most notably of all by Rosa Luxemburg in her book *The Accumulation of Capital*. Today it is held by organisations like the International Communist Current who say that capitalism is in a state of imminent collapse (see ICC publication *The Decadence of Capitalism*).

Rosa Luxemburg's particular theory, which is probably the underconsumption theory of crises most frequently put today, was that capitalism would collapse because of an inability to sell all that was produced. She argued that demand was simply a reflection of consumption (as the amount consumed by the working class and capitalists added together) so that if part of the profits of the capitalist class are re-invested rather than consumed, then consumption and overall demand are reduced. The result of this is that there is nobody who can buy the products in which the re-invested profits are embodied. Luxemburg's argument was therefore that accumulation and expansion are impossible under "pure" capitalism, and that capitalism relies on non-capitalist areas of

the world to buy the surplus product. As she wrote: "as capital approaches the point where humanity only consists of capitalists and proletarians, further accumulation will become impossible".

Those who have accepted Luxemburg's reasoning have put the view that capitalism became a world system around the start of the First World War and that ever since it has struggled to find markets in which the surplus product can be realised in the ever-diminishing non-capitalist periphery of the world. On this theory, the crisis of capitalism is a permanent one and is reflected in a global saturation of markets that can only be temporarily broken through world war and the reconstruction that would follow such a war.

This explanation of capitalist crises is far from adequate. The main reason for this is that demand in capitalism is not, as Luxemburg contended, simply determined by the combined consumption of the workers and capitalists. Overall demand is not determined by the consumption of the workers and capitalists but by this **plus** the investment of the capitalists (what they spend on new means of production rather than on consumer goods for themselves). There is therefore no permanent surplus production in Luxemburg's sense and no global saturation of markets. In any case, the reason for recurring crises and depressions cannot be found simply in the sale of commodities on the market any more than it can be solely found in the sphere of production.

MARX'S EXPLANATION

The actual explanation of crises and depressions put forward by Marx, particularly in Vol II of *Capital*, recognizes that capitalist crises are simultaneously problems of production and of the realisation of surplus value on the market. The explanation of slumps suggested by Marx does not simply rely on a long-term tendency which may or may not be operating at any given time nor on the entirely mistaken view that capitalist production will always tend to outstrip total market demand.

The explanation suggested by Marx goes to the root nature of the capitalist mode of production itself. Capitalism differs from other modes of production such as feudalism or chattel slavery in that under these previous forms of class society, most production was carried on for use. Capitalism, having separated the producers from the means of production and only allowing them access to them via the exploitative wages system, promotes productive activity only when goods can be sold on a market with the expectation of profit.

Decisions about production - from what is to be produced, to how much of it should be produced and where - are not taken with the satisfaction of human needs in mind. Decisions about production are decisions to produce those goods that appear the most likely to procure a profit when sold on the market, at any given moment.

This drive to procure a monetary profit is not essentially a product of the desire of the capitalists to have a luxurious lifestyle. If a capitalist or group of capitalists are to stay in business they must accumulate capital to expand and survive against their competitors. It is this process of re-investment that uses up much of the profits made by the capitalist class.

It is in this way - through the exploitation of workers, the profitable sale of commodities, and the accumulation of capital - that capitalism is able to expand and develop the means of production. But this expansion is not planned expansion. The operation of capitalism is not planned at the level of the whole economy. Decisions about investment and production are made by thousands of competing enterprises operating independently of social control or regulation.

The unplanned nature of production, or the anarchy of production as Marx called it, is at the heart of Marx's explanation of why capitalism is periodically beset by crises and depressions. Because production is not socially regulated, some enterprises will eventually invest and expand production to such an extent that not all of the commodities produced can be sold on the market at a profit. In the drive to accumulate capital as rapidly as possible they over-anticipate market demand and expand their productive capacity beyond that which the market can absorb. Unsold goods begin to pile up. Expected profits are not realised, and production has to be curtailed. This, of course, will have a knock-on effect. The enterprises' suppliers will be faced with reduced demand and will no longer be able to sell all their products either, and this in turn will affect their suppliers' suppliers and so on.

The size and nature of the enterprises or industries which over-invest and over-expand their productive capacity in this manner will, of course, affect the nature of the crisis. A small number of peripheral enterprises over-expanding and perhaps going bankrupt will not have nearly the impact of one or more key industries over-expanding. Indeed it is one or more key industries over-expanding for the market that is the usual cause of a capitalist crisis and subsequent slump.

In his own elaboration of this view, Marx divided capitalist production into two main sectors (see Capital, Vol II, chapters 20 and 21)

DEPT I, producing means of production or what are sometimes called "capital goods", and

DEPT II, producing means of consumption, or "consumer goods".

Marx's explanation of crisis was complicated enough, but the actual division of capitalist industry is, of course, much more complicated than this simple two-sector model. Marx's aim, though, was to show that for capitalist accumulation and growth to be achieved steadily, then there would have to be a balanced growth between these two departments of production. Put simply, if say the consumer goods sector expands disproportionately more than the capital goods sector, then at some point the enterprises in that sector will not be able to sell all their products and will have to cut back on production and orders of capital goods causing a general crisis to break out.

Where this two-sector model is rather a simplification is that, if capitalist growth is to be smooth, all sectors or sub-sectors of the economy must expand in a balanced and proportionate manner. But because of the general anarchy of

production in the capitalist system there will inevitably be a disproportionate investment and a disproportionate growth between the various sectors of the economy. When capitalists invest to expand production, they do not objectively consider the needs of the other sectors of the economy; they are interested in the rate of return they can get on their own investments and it is not therefore surprising that over-investment and over-expansion takes place in key sectors of the economy. It occurred in key industries in the consumer goods sector before the Wall Street Crash of 1929 and it has recently occurred in a number of those enterprises and industries that expanded at a fast pace in the 1980s, particularly micro-electronics, computing, information technology and so on.

HOW SLUMPS END

Let us now look now at what happens once the crisis has occurred and the slump phase of the economic cycle has been entered. One of the most important factors to consider when capitalism is moving from one stage of its trade cycle to another is the rate of profit - or, to be more precise, short to medium term fluctuations in the rate of profit (as opposed to the long-term tendency discussed in a previous section for the average rate of profit to fall due to the replacement of variable capital with constant capital).

During a crisis and at the onset of a slump the rate of profit on investments will fall dramatically as firms are unable to sell all that has been produced and so are unable to realise surplus value embodied in them. But this decline in the rate of profit is not permanent; it is part of the economic cycle, and during a slump conditions eventually begin to emerge which point towards an increase in the rate of profit and renewed investment. No slump is ever permanent. This is because during a slump three basic things happen.

The first is that a number of enterprises will go bankrupt and their assets will be bought cheaply by their rivals. The result of this is a depreciation of the capital invested in them leading to a halt, and eventual reversal, in the decline of the rate of profit. An important factor in this is the decline in the value of the stocks that have built up towards the end of the boom, during the crisis and in the early stages of the slump.

The second thing to happen in a slump is that there is the re-appearance of a large reserve army of labour which makes an increase in the rate of exploitation possible. There will probably be a halt in the growth of real wages and perhaps even a cut, which will serve to increase the rate of profit without, at this stage of the economic cycle, damaging the prospects for realisation of surplus value on the markets, because capital depreciation and destruction of stocks will have been taking place and the supply of commodities will have been curtailed.

The third factor is interest rates. As the slump develops, interest rates will tend to fall naturally as the demand for

money capital falls away. This will have a beneficial impact on the rate of industrial profit and, in conjunction with the other two factors, will improve the prospects for investment and expansion.

Because of these three factors - capital depreciation, an increase in the rate of exploitation, and naturally falling interest rates in a slump - enterprises will start expanding production again as investment picks up and as demand for products grows, with more workers being employed again. This will lift the economy out of the slump phase of the cycle, and industry will be in the state of growing animation referred to by Marx that occurs before a boom. The cycle will then have come full circle.

The important thing about all this is that the crisis and depression phases of the economic cycle do not occur because something has "gone wrong" with the operation of the capitalist economy. On the contrary; they are in fact an entirely necessary feature of the development of capitalism, serving to rid the system of its more inefficient enterprises where returns on investments are low, and thereby promoting investment and expansion in those enterprises fit enough to survive. Far from being an instance of capitalism "going wrong" in some way, slumps show that capitalism is working normally and in accordance with its own economic laws and mechanisms of development.

STATE PLANNING NO SOLUTION

Crises and depressions are inevitable features of the capitalist system of production. However, there is one objection that has been put to this. If slumps are caused by disproportions of production leading to short-term falls in the rate of profit and overproduction of commodities for the available market, then surely the answer to capitalism's trade cycle lies in trying to plan production so that disproportionalities and periodic over-expansion do not occur. In other words, if the root cause of economic crises is the anarchy of production, why not institute a bit of planning? Why can't capitalism be planned through cartels or monopolies and through the widespread nationalisation of industry?

There are two basic answers to this objection. The first is that planning capitalism down to every investment decision, every price, every wage and so on is impossible. Planning every aspect of economic activity under some sort of totalitarian state capitalism as has existed in the Soviet Union and elsewhere, simply can't be done. Admittedly, Russia, China, Albania and other countries had a good try, but it is now generally agreed that this did not stop unbalanced growth and overproduction for market demand occurring.

In fact, now that most of the Stalinists have given up the ghost, the last defenders of planned capitalism are to be found, perhaps not surprisingly, in the Trotskyist movement. Here's the Belgian Trotskyist Ernest Mandel writing about the Soviet Union:

"From 1928 onwards growth really was regular and uninterrupted . . . unlike the capitalist economy, the USSR has

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experienced no recession, no crisis of overproduction leading to an absolute fall in production for more than half a century" ("A Theory Which Has Not Withstood the Test of Facts" in *International Socialism* 49, December 1990).

Mandel is looking at Russia through rather rose-tinted spectacles. If we take the period 1966-74, for instance, when a slump was beginning to break out in the West, the difference between growth rates in minimum growth years and maximum growth years averaged 50 per cent in East Germany, 100 per cent in Bulgaria, 130 per cent in Russia and 228 per cent in Poland! So much for steady balanced growth and being able to entirely plan away the capitalist trade cycle.

Apart from the practical difficulties of trying to plan capitalism in the fashion of the former state-capitalist countries, there is another reason why state-capitalist planning can represent no long-term solution to the problems of capitalist development.

Although the former state-capitalist economies were unable to escape the capitalist trade cycle, the operation of these economies was different in some respects from the Western-style private enterprise-based capitalism. This was because they were not subject to the direct operation of Marx's law of value. Prices often did not at all reflect the labour value of commodities and inefficient enterprises were not penalised and purged from the system as they are in the West. The process by which a slump serves as a means to future development by eliminating the weakest productive units did not apply.

What tends to happen where there is widespread state capitalism is that inefficient enterprises and productive methods are supported, wastage is tolerated, and new technology in most sectors only gets introduced at a slow pace. In short, the "purging" benefits of a full-blown capitalist slump are lost.

The state intervenes to offset the development of mass unemployment, and does this by directing capital towards inefficient units of production and through planned over-staffing and so on, at the expense of the more efficient sectors of the economy that have to support the inefficient sectors. Thus, there is an attempt to "cheat" the law of value. In the long run, this can only have disastrous consequences for the development and growth of the economy as a whole. Stagnation sets in and, as events have shown, eventually threatens the stability of the political structure and the position of the privileged ruling class. Attempts at planning capitalism's anarchy of production have always ended in disaster, often bloody disaster, and state-run capitalism does not represent a solution to the problems of the capitalist economy - by offsetting some of the worst effects of slumps, it can only make such problems worse in the long run.

PRODUCTION SOLELY FOR USE

As Karl Marx himself realised, the only lasting solution

to crises and depressions, and for that matter the other problems that beset the capitalist system, is socialism. Government tinkering and state planning are no answer. A social transformation needs to take place so that production will no longer be carried out for profit and so that articles of wealth will be produced for use and not for sale on the market. We all know through experience that capitalism can't be planned and cannot ensure the well-being of all members of society. Only socialism can do that by removing the capitalists ownership and control of the means of living and by ensuring that the anarchy of production is removed by the abolition of profits and wages, prices and money.

Production for use without the operation of the market mechanism and the perennial search for profits is the way to solve the problems of economic instability and crises of overproduction. In socialism production can be regulated without any of the destructive effects of capitalist crises and depressions. Any overproduction that occurs will be in relation to real needs and not to the market where needs only count if they are backed up by money. In fact, production for use could make a permanent stockpile of useful materials available, to be topped up as and when necessary.

Overproduction, should it occur, would not present the same problem for socialism as it does for capitalism. Only a truly perverse society could find periodic over-expansion and overproduction of goods a problem at the same time as millions and millions throughout the world are going without. That is why socialists urge workers to put an end to the anarchic capitalist system of production which has outlived its usefulness for humankind and now stands as a barrier and a fetter on future human progress.

READING LIST

Socialist Party publications

Marxian Economics pamphlet, 1978.

"The Economic Crisis - The Marxian Explanation".

Published by the Socialist Party, 52 Clapham High Street, London SW4 7UN England

(from p. 2)

Curtis Price translated and sent us "Our Points in Common," which seems to be a group declaration of independence from Marxism. Ed Jahn's article on the dictatorship of the proletariat reminds me that despite Marx's unfortunate choice of words, the expression means only that the proletariat will govern the new society.

Dave Perrin returns to the fray in a letter which attempts the difficult task of defining reform or at least the reforms a revolutionary party should oppose and those it should support.

We carry the final installments of the Socialist Industrial Unionist/World Socialist debate for those readers who read the first part in DB60 and wouldn't ordinarily have access to the World Socialist Review from which we have lifted it. Ed Jahn's letter and the excerpt from Soviet Agriculture present a little-known page from

World Socialist No 1, April 1984.

Socialist Standard:

"Crises, Catastrophe and Mr Strachey", March 1957.

"Further Reflections on Crises", April 1957.

"The Keynesian Myth", February 1966.

"Why They Want More Unemployed", November 1966.

"Inquest on Keynes", April 1968.

"Rosa Luxemburg and the Collapse of Capitalism", January 1969.

"Marx and Engels and the Collapse of Capitalism", February 1969.

"Marx and Keynes on Unemployment", June 1971.

"The End of Full Employment", November 1971.

"Unemployment - Fact and Myth", February 1973.

"How Capitalism Works", January-May 1979.

"The Great Crash of 1929", October 1979.

"The Economics of Unemployment", September 1980.

"Capitalism's Crisis Cycle", October 1982.

"Marx's Financial Articles", December 1983.

"Crises, Booms and Slumps", March 1991.

Other Publications

Karl Marx, Capital, Volumes I, especially Part VII.

Karl Marx, Capital, Volume II, especially Part III.

Karl Marx, Capital, Volume III, especially Part III and Part V.

Karl Marx, Theories of Surplus Value, especially Part Two, chapter XVII.

Ernest Mandel, Marxist Economic Theory, Volume 1.

Thomas Sowell, Marxism: Philosophy and Economics, chapter 6, 1985.

Sydney Coontz, Productive Labour and Effective Demand, 1965.

Anton Pannekoek, "The Theory of the Collapse of Capitalism", Capital and Class, Spring 1977.

Introduction: The text below was produced by **La Lanterne Noire**, an anarchist offshoot from the dissolution of the Council communist influenced **Informations Correspondance Ouvriers (ICO)** group in the early seventies. La Lanterne Noire published several issues of their journal of the same name before succumbing to the general reflux in struggle that affected the French ultra left milieu in the late seventies. First draft translation by Curtis Price with a much appreciated tidying up performed by Allan Wallach,

OUR POINTS IN COMMON

One class's exploitation and domination of another is not based solely on the means of production but also on the reproduction of the conditions of production.

The State guarantees and legitimates the perpetuation of the established system. Through schools, the police, courts and the army, it holds a monopoly of force and violence, with or without the consent of its victims.

Revolution represents the sole possibility for change. It is planning and action, theory and practice of the exploited opposing the perpetuation of the dominant classes' privileges. Forces set in motion and a deepening of the struggle will result in a new situation. The revolution is both an ending and a beginning.

But the revolutionary process can also perpetuate the old society in the new and thus make possible the recreation of the old structures of domination and exploitation (Hierarchies, delegation of power, bureaucracy.)

Thus the revolution as insurrection and expropriation will not represent nor will it take upon itself the job of representing a particular, more or less abstract social category. The revolution will not be carried out in "the name of the people" or "the proletariat," or whatever. It will be the concrete expression of those sectors that define themselves through action and speak for themselves. Not the dictatorship of one party in the name of a class, not the government of one class, even if it is the proletariat, over other exploited classes (peasants, salaried workers, etc.) The revolution will destroy the capitalist mode of production and class divisions and the domination of one class by another.

For us the revolution stands for the disappearance of the social as well as technical division of labor, the division between workers and intellectuals, the separation between city and countryside and fundamentally, of order-givers and order takers. From now on we will struggle against these divisions including divisions within our own group, knowing above all that the solution will not be individualistic, sectarian or voluntaristic. Although indispensable, changes on the interpersonal level are necessarily partial. For a profound change to take place, it is necessary at the same time to alter the fundamental framework of the state and the capitalist mode of production. Which is to say in the present historical situation the revolution requires a collective moment of insurrection.

To change the system of production is also to change the entire make up of the technology bound up with these divisions, thus changing the manner in which men produce and establishing egalitarian relations between one another and every other domain: not simple control, however democratic it might be in which workers remain "masters" of their factory, farmers of their land, etc. Instead this implies a rotation of jobs between different types of production and excluded any sort of state, no matter how transitional, all forms of centralism, no matter how democratic, and all types of reformism, no matter how robust.

We do not know whether such a revolution is possible, but we do know that without it nothing is possible (in any case, no form of socialism is possible.) One of our tasks is to discuss and envision present day possibilities, avoiding all dogmatism.

The fact that we think that the proletariat is no longer expanding in the developing world, and that it is not the only motor of history, is not to say that it will be replaced. Replacing the proletariat by youth, or the marginalized or by technicians in accordance with the situation or momentary interests, is to fall into a mode of abstract thought that makes the industrial proletariat THE revolutionary class in the first place.

There is in each of us, although in different ways, capitalist, fascist and repressive tendencies. To be a revolutionary is to struggle against, but also to keep track of, these tendencies within ourselves, which is to say that there is no potentially revolutionary mass "betrayed" by wicked bureaucrats, but rather that capitalism could not successfully give rise to stabilizing influences (unions, political parties) without also implanting those elements in our heads. This is not to argue that it is necessary to change the individual before changing society but rather that we must try to understand the relation between repressive institutions and ourselves without falling into the problem of the chicken and egg. Self-transformation and "consciousness" are acquired in a battle against everything that orders and centralizes, against all the mediating and ideological institutions, and especially against the State. Self-transformation and "consciousness" will arise in all areas of daily life, not only in our places of work.

Our project is therefore antiauthoritarian and anti-statist.

As a result, a revolutionary group's role is neither to represent nor to organize but to participate (without separating theory from practice to the extent that is possible) in the destruction of capitalism, in accord with what the group thinks and what it wishes. The group is not external to the masses that without it would only be reformist, it is instead a small part of the masses that wishes neither to lead nor be led and that has decided to express itself, to suggest, to analyze and to fight.

There are real contradictions and oppositions between a group and the rest of society but in the end they are nothing but differences between different social layers and different sections of the proletariat. The danger of vanguardism exists only to the extent that everyone fails to express or suggest ideas, and when there are no egalitarian forms of communication. Thus we prefer a maximum opening of expression, the creation of many channels for exchanging ideas, and doing this without falling into the trap of a radical elitism which is nothing but the other side of the reformist coin. And this isn't simple. When it's a question of defining revolutionary strategy, groups have the tendency to go from elitism to reformism from one day to the next.

We do not believe because of its inherent internal contradictions capitalism contains the seeds of socialism. This idealist vision of history has several drawbacks:

*** Triumphalism which disguises profound, unresolved difficulties

*** A tendency to wait and do nothing

*** A tendency always to define problems as economic and social

*** Preferring institutions that in the name of their supposed place in "history" accept legality but which are in fact nothing more than a means of preserving the existing system.

These considerations oblige us to reject this conception of history not because it is true or false: there is no more a science of revolution, any more than there is a science of history. It is only in the light of our revolutionary project - anti-statist, anti-authoritarian and anti-centralist - that we judge history and political and economic systems and that we struggle.

"Dictatorship of the Proletariat":
Where It Came From
What it Means

Seeing that some of those who write for this publication want to revive the "Dictatorship of the Proletariat", I think that *Discussion Bulletin* readers may be interested in the history of the dictatorship idea.

A good book on this is "The 'Dictatorship of the Proletariat' from Marx to Lenin", by Hal Draper (Monthly Review Press, 1987).

I think it fair to summarize what Draper says as follows. The "Dictatorship of the Proletariat" was a phrase used by Marx on a few rare occasions; it was taken out of context by Lenin, who grossly exaggerated its importance. However, the phrase as used by Marx and Lenin meant something relatively harmless -- an arbitrary but democratic form of state power. Only with the "degeneration" of the Russian revolution did it acquire the evil meaning that it has today.

I think it's true that Marx's version of the "Dictatorship of the Proletariat" was relatively harmless. The one thing that Marx pointed to as an example of it was the Paris Commune, which during its brief existence was a multi-party democracy.

It's also true that the "Dictatorship of the Proletariat" phrase had no real importance to Marx. The reality behind it -- a belief that working people could build a better social system by setting up a centralized government -- was definitely important, but the phrase itself was not. The phrase was given its modern meaning and importance by Lenin during the Russian revolution.

What's dubious about Draper's interpretation is the "degeneration" theory. This theory says that bad things like one-party rule, secret police, mass murder of innocent bystanders, concentration camps, artificial famines, etc, were due to a "degeneration" process that ran contrary to Lenin's good intentions. But the more you look at the actual history of the Russian revolution, the more you find these things being set up by Lenin Himself, and the less evidence you find that Lenin ever had any good intentions.

Today everybody understands "Dictatorship of the Proletariat" to mean a system like that of the late, unlamented Soviet Union. People who advocate it do so because they want to be dictators. This is shown by the emotional tone of their *Discussion Bulletin* writings, which are saturated by the hunger for power and the urge to kick people around. They pose no threat because they have no following, but their continued existence is rather pathetic.

In his letter published in DB65, Robin Cox clears up some matters relating to earlier correspondence (such as that despite the impression given to me and others he doesn't downgrade the importance of the material interests of the working class as a consciousness-raising factor) but only muddies the waters elsewhere. This is most notably the case in relation to what constitutes reformism.

Robin claims that "What is reformist are those elements of a broader programme advocated by reformist pro-democracy organisations which are geared to reforming capitalism, not those elements in it concerned with reforming the political system to manage capitalism, as such." Economic reform programmes are reformist, according to Robin, but political ones are generally not, only being reformist to the extent that political reform programmes are invariably intertwined in practice with economic reforms.

Robin appears to make this distinction because he judges that political reforms are not injurious to the socialist movement and the working class. But this is a distinction which is completely mistaken. Some political reforms are useful to the socialist movement and the working class at large - the extension of trade union rights, for instance - but others like constitutional and electoral reform are diversionary and misleading. Robin also fails to note that some economic reforms - like factory acts - are useful. There is no clear-cut distinction to be made between the two types of reforms.

Furthermore, in Britain and elsewhere political reform groups have emerged which do not have a list of economic reforms, only constitutional ones. Indeed, groups like Charter 88 are clearly not covered by Robin's definition of reformism.

I think Robin should stick with the approach to reformism developed by the Party to which he belongs - the SPGB. This is that reformism is the advocacy of a reform programme and the concomitant attempt to seek support on that basis. There is no distinction between political and economic reform programmes - they are all reformist.

This said, while the SPGB opposes reformism it treats individual reforms that come before the working class on their merits, and the SPGB is therefore prepared to support those reforms that assist the socialist movement or the wider working class when there is clearly a case for doing so, and this applies whether the reforms are political or economic in nature. So the SPGB opposes reformism, but is prepared to treat individual reforms on their merits.

A socialist political party can both welcome, and where necessary support, reforms but it cannot seek support for itself on this

basis, or advocate a reform programme of its own, as this would attract non-socialists into the movement, just as it did with the SPGB's parent body the Social Democratic Federation, where the socialists were swamped by reformers of various persuasions. For this reason the important distinction to be made on this question is over whether an organisation advocates a reform programme, or not. If it does it is reformist, and it doesn't matter one jot from this point of view what 'category' the reform programme comes in, political, economic or a mixture of the two.

Yours for Socialism, Dave Perrin -- 39 Frances Ave., Little Acton, Wrexham, Clwyd, LL12 8BL U.K.

WORLD SOCIALISM VS. SOCIALIST INDUSTRIAL UNIONISM (Cont'd)

The electronic discussion in Mike Lepore's on-line computer journal Organized Thoughts with the title "From Capitalism to Socialism: Should the Workers Organize Politically, Industrially or Both?" was continued by Harry Morrison, a veteran member of the World Socialist Party (WSP), through an exchange of letters. The most recent issue of the WSP publication World Socialist Review (\$1 from WSR, PO Box 405, Boston, MA 02272) carries the entire debate from the beginning. Reproduced below is the continuation of the debate together with an article from the current WSR intended to be the last word on the subject of socialist industrial unionism. The Organized Thoughts part of the debate was published in DB60. Readers with computer modems interested in reaching Organized Thoughts and its publisher Mike Lepore can do so by E-Mail to mlepore@mcimail.com and with Harry Morrison and WSR through ronel2@aol.com.

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The remainder of the debate consists of correspondence between Harry Morrison (WSP-US), who formerly wrote under the pen name of HARMO in the Western Socialist, and Michael Lepore (taking a De Leonist position). Although HARMO eschews presenting his views as officially those of the World Socialist Party (since he, like the other participants in this debate, took part as an individual socialist), we feel he speaks for all of us.

H. Morrison

I HAVE NEVER dug deeply into the writings of Daniel De Leon. As a young man, some 60 years or so ago, I read only enough and by him to realize that his theories were not my cup of tea. But my reasons for rejecting Industrial Unionism should become a bit more clear in my statement below.

My statement for publication is not intended as an official position of the WSP, but simply as my own interpretation of what that position is.

I have heard protests, even from comrades, that "you can't have complete socialism over-night!" My response has always been that once a significant majority indicated with emphasis that they want a socialist system, why would they wait "over-night" to install it? By that time, the needed "appara-

nus" (international organization) would be ready and waiting, and the capitalist class would know that it no longer enjoys the support of the population—that their time had come to disappear—along with the working class, and class society itself.

I will expatiate on what is wrong with De Leonism—as I see it.

In the first place, we World Socialists have enough "gall" in continuing to insist on the need for a majority of socialist-conscious working class people, in the industrially developed world, to understand and approve of the rudiments of a socialist world-society before such a revolution can be successful. We agree with Marx and Engels as put by them way back in 1848 (in the Manifesto) that it is the working class that will eventually

become revolutionary-minded. Now that, in itself, is quite a proposition; but to actually lay out a "blueprint" of how such a mass of human beings are going to act in organizing for such a society—perhaps another century or two from now, takes a hell of a lot of gall! How in hell do you know what the world of capitalism will look like even fifty years from now? If Marx and Engels—and even De Leon—were to come alive today, they'd probably all drop dead in shock at what they see in the factories and workshops of the industrial world. And here we have De Leonists, today, knowing full well that the entire numbers of workers throughout the world of our times who are even interested in listening to or reading about a socialist discussion are infinitesimal in numbers!

The only task for socialists that makes any sense is to propagate the ideas of a world without national boundaries, without buying and selling, without wage-labor and capital. How in hell can such propaganda be of any interest, or use, to the members of a Labor Union—even a De Leonist type Industrial Union? The Number One reason for its exist-

ence is to fight for "immediate concerns," wages and conditions. Not only that—the members of such a Union, if it is to be at all effective, will be representative in their political preferences, of the various political groupings; not to mention religious affiliations.

I shall concentrate only upon the two paragraphs in your rough draft beneath your request for a response from the World Socialists to your objection. The implication in paragraph #1 [see "Why Political Organization?"] is that, following a socialist revolution, a *state* in the sense of the historical political state would continue to exist. I realize that this is in line with some of the De Leonist material that I have seen over the years; we will continue to have police and armies, for example. My question to you is this: Why would a significant majority of socialists want to continue a system with a traditional, failed, state apparatus with all of the trapping of capitalism—army, police, not to forget secret police?!

In this socialist's opinion, a 51 percent majority is greatly insufficient and in such an eventuality, the capitalist parties should be permitted to continue running their Government until the continuing chaos would produce that significant majority. The De Leonist concept of a successful revolution has to be one of a majority—or near majority—of non- and even anti-socialists in the population. How could it be otherwise when you—an avowed De Leonist—raise the potential threat *after* the socialist revolution? What you apparently fail to understand is the fact that the capitalist class does not back fascist parties before they demonstrate a mass working-class support. Such certainly was the case in both Italy and Germany. And in the former USSR the "Communist" (state capitalist) dictatorships were not able to withstand the rising withdrawal of support by the working class.

You see, Michael, the main reason that the capitalist class is able to continue to rule is the fact that it has wide support among the population—and the same holds true where there is a ruling bureaucracy rather than a nominal capitalist class. Governments have to spend more money in "head-fixing" than they spend even in weaponry. And with good reason, for how useful are weapons to them when the heads that direct the wielders of them are not

properly fixed? So we get back to the question of the prime work of socialists today: the propagation of socialist theory—the socialist explanation of why capitalism cannot work in the interest of the working class—that it is a historical development of world societies that has long since now outlived its usefulness.

Finally, I see no suggestion in your message of how the population after the revolution is to have access to the requirements of life. Do you suggest the De Leonist plan of labor vouchers? If so, does that not demonstrate that you just do not grasp the fact of the matter: that capitalist industry, in its modern development, can turn out such quantities of all of mankind's needs and wants with such abundance that it has to be restrained because of its celerity in flooding markets? We live in the tail end of the 20th century—not back in the mid- or last quarter of the 19th!

M. Lepore — Responding to H. Morrison

HARRY, HERE ARE my thoughts about your recent letter:

• ...but to *actually lay out* a "blueprint." I assume that blueprint being referred to is, for example, De Leon's famous statement—

MORRISON: The only task for socialists that makes any sense is to propagate the ideas of a world without national boundaries, without buying and selling, without wage-labor and capital.

"Civilized society will know no such ridiculous thing as geographic constituencies. It will only know industrial constituencies." I recall also that, in one of your articles years ago, you used the word "blueprint" when you criticized the SLP's frequently reproduced chart which depicts possible examples of a future socialist administration. (For example, the chart appeared in the SLP's newspaper, *The People*, 10/22/90.) This chart shows "Automobile Plant No. 1, Detroit" containing departments labelled "engineering," "tool & die," and "assembly." This plant, along with

Can a system of free right of access to all needs and wants be introduced immediately following a socialist revolution? Let me answer that one with a sort of parable:

Let us imagine, in a dream, that an Arabian Nights genie rises out of the sea and issues a guarantee to world capitalism that every family and every individual would enjoy a healthy bank balance, enabling them to unload markets, through purchases, as fast as they become loaded; thus enabling capitalists and bureaucrats to reap their profits. How long would it take the ruling class to order the needed rate of production? That is all the time it would take for a world socialist population to convert to the needed intensity of production. After all, Michael, a large percentage, if not the majority, of capitalist production is wasteful and parasitical, and would be eliminated. And the advance of scientific techniques has long since knocked any Malthusian ideas out of believability. 'Nuff sed! Ø

"Automobile Plant No. 2, Detroit," and also "Plant No. 3," are interconnected to a larger conference entitled "local automobile industry council." This Detroit council, in turn, is interconnected with the "Cleveland council" and the "Los Angeles council," to form a wider circle which bears the name "national automobile industry council." That larger organization is connected to the "All-Industry Congress," which has various sections: "Mining; Public Service; Food Supply; Manufacture; Construction; Transportation." Above the chart appears this explanation: "The chart below is not a blueprint. Rather, it is intended to illustrate graphically the principle upon which socialist industrial unionism and the future socialist industrial democracy rest, using the auto industry as an example." In fact, the headline appearing above the text is the phrase: "Not a blueprint." Another diagram on the side, entitled "Representation," says, "You will cast your ballot in your shop for:

- Plant Council
- Local Industry Council
- National Industry Council
- All-Industry Congress

Except for the fact that I would say "global" in place of the word "national," I agree with

the basic point being made in the SLP's chart.* The intent is not to define the precise structure of a future society, but to give a hypothetical example to aid in the visualization process. Since most people have difficulty imagining how social ownership of industry can possibly mean something other than state ownership based on territorial constituencies, I rather like this sort of this visual aid. Of course, the exact department designations in the chart are known to be fictitious. It may be that we no longer use automobiles, or that we won't make them in Detroit, or that the central conference of all industries may not include a "manufacture" delegation, but something else which does the job. Since the diagram is not to be taken literally, I don't think such expressions should be viewed as attempts to provide a "blueprint." The basic points appear to me to be:

- that all industry sub-functions, whatever they are, must be interconnected so that production can be administered;
- that the structure must feature democratic election of all planning levels (rather than having "top-down" appointment of intermediate management);
- that nested geographical units (town, country, province) are not recommended as the primary basis of structure.

If you disagree with these points, I'd be interested to know why. If you agree with these points, I wonder why there would be an objection to expressing them through speculative illustrations. If you have no opinion about these points, then it seems you are asking people to support a nebulous goal without knowing what they would be getting.

- a world without national boundaries...

I agree with the World Socialists' viewpoint that socialism must be a worldwide system without national boundaries. I disagree with the traditional De Leonist view on this matter. There are severe problems with the SLP's use of national terms, such as "a socialist United States" (*The People*, 10/10/87) and "an international socialist order" (*The People*, 12/5/87). The SLP has proposed: "Socialist America will deal with other real socialist

countries as part of a Socialist International..." (*The Weekly People*, 1/9/71). First of all, socialism means organization of society according to the people's intentional decision about what best suits our needs. There is no conscious choice involved in the use of national boundaries, because these boundaries are given from the past. Boundaries are as meaningless as random cracks in the earth's crust which have formed bodies of water, or the lines drawn in ancient times by advancing armies, or monarchs' land grants to their cousins. It is clear that such arbitrary lines should not be part of the planning of modern economic production and distribution.



Before the Revolution IV. Many slaves, believing the pleasant stories of peace and justice told them by their cunning masters, forgot—to their chagrin—that no matter who got the profits, a slave was necessarily born to lose.

Secondly, "socialist countries" would have to trade materials with each other, something similar to, "We'll ship you four tons of bauxite for each ton of chromite that you ship to us." This would be followed by disagreements based on localized self-interests, e.g., "Why should we trade with you, when this other country will give us five tons of bauxite for each ton of chromite, rather than four?" The "socialist" countries would then have a material basis for conflict. The method of historical materialism shows that a material basis for conflict generally leads to actual conflict. That's not my idea of a socialist world.

- ...even a De Leonist type Industrial Union? The Number One reason for its existence is to fight for "immediate concerns," wages and conditions.

De Leon's actual position was that "...the trades union has a supreme mission...enabling

the working class to assume and conduct production." This particular purpose was described as "the remoter utility of the union, in fact, its real revolutionary and historic mission." (*The Burning Question of Trades Unionism*) According to this view, struggles over wages and working conditions are secondary, something that should be pursued only if the union has sufficient membership in a few sites to press such demands, but not yet enough membership society-wide for a revolution to occur.

- ...the members of such a Union, if it is to be at all effective, will be representative in their political preferences, of the various political groupings.

Just for the record—De Leonists usually advocate "educate first; organize afterwards," on both the political and industrial fields; "...wage workers must be educated in socialism before they can be organized upon industrial lines." (Olive Johnson, report to the 1924 SLP national convention.) The socialist industrial union can, of course, admit members who agree with the basic concept of social control of industry but need further education about the complete sociological theory. In the latter case, it is the job of the union is to educate them, and to prepare them for actual self-management. A "pure and simple" trade union, i.e., a union which formally endorses capitalism (such as the AFL-CIO), must fail to perform this function. De Leon said, "...pure and simplem' neglects the drilling in class-consciousness, aye, prevents it... No revolutionary class is ever ripe for success before it has itself well in hand...It is one of the missions of the trades union to drill its class into the discipline that civilization demands." From the editorial "A Mission of the Trades Union," *The Daily People*, 3/4/1905.

- The implication in paragraph #1 is that, following a socialist revolution, a state in the sense of the historical political state would continue to exist.

I'd like to clarify this point. The De Leonist position is not that the state shall continue to exist after the revolution, nor should the De Leonist accuse the World Socialist of advocating continuation of the state after the revolution. However, the De Leonist, who believes in defining a crystal clear alternative, a takeover of the industrial management role by a large workers' association, based on integrally united industry branches, is usually at a loss to imagine what the World Socialists

* Since I'm not affiliated with the SLP, I'll ask the interested reader to contact their headquarters for information about their program: Socialist Labor Party, 914 Industrial Ave., Palo Alto, CA 94303 USA. Subscriptions to *The People* (two issues per month, except monthly in January and July) are \$4.00 (foreign subscriptions require payment by International Money Order or U.S. dollars).

could mean by "conscious" but not "industrial" organization. If the management method is not to be the political state, nor is it to be an amalgamation of workplace committees, then it's difficult for me, personally, to imagine what else it could be.

But let's admit that there has been some misunderstanding on both sides. I think that former SLP national secretary Arnold Petersen was wrong when he said this of the World Socialist program: "The inference, of course, is clear that the political state will conduct the processes of production—an inescapable conclusion in any case, since they reject the Socialist Industrial Union Government as such an 'agent'." (Petersen letter dated 10/21/63, reprinted in *The Western Socialist*, No. 4, 1964, p. 15). On the other hand, I think the SPGB was wrong when it wrote in the 1980 pamphlet *Trade Unions*: "If some unions still have 'socialism' as their object, it is only nationalisation (state capitalism) that they have in mind" (p. 16). This statement is not typically true of syndicalists. Neither philosophy aims at state management of industry, and it is to be hoped that neither side would be firing this inaccurate charge at the other.

• *In this socialist's opinion, a 51 percent majority is greatly insufficient and in such an eventuality, the capitalist parties should be permitted to continue running their Government.*

Although I disagree with your strategic preference, I'm gratified to hear this important question answered directly. I haven't seen this matter of narrow majority support dealt with in the literature of your Companion Parties, nor, for that matter, in the De Leonist literature.

• *What you apparently fail to understand is the fact that the capitalist class does not back fascist parties before they demonstrate a mass working-class support.*

The capitalist class is generally not placed in jeopardy of having all its property rights declared null and void, so I'm not so sure what lengths it would go to.

• *Do you suggest the De Leonist plan of labor vouchers?*

I understand that the World Socialist goal is "free access" to goods and services by everyone. I can easily picture this as applied to things that no one can collect in unreason-

able quantities, such as food, transportation, and education. I cannot imagine how we could have unrestricted access to items capable of being accumulated, such as hobby equipment, jewelry, and automobiles. Infinite access to such things, even if automation could put out all the production, would destroy the planet's ecosystem through deforestation, industrial heat emissions, and the generation of garbage. Since finite limits to consumption must exist, either due to ma-

chine throughput rates or for environmental protection, the only question is how these limits should be set. It seems reasonable to me to have access to such collectible items in proportion to personal work hours. This approach allows the individual to choose for oneself the relative importance of leisure time and material consumption, which I consider a greater measure of freedom than simple rationing would be. Ø

H. Morrison — Reply to M. Lepore

IN REGARD to your thoughts about my recent letter, let me just concentrate upon one of your objections, which will go far—I hope—in clearing what I consider to be your (and the De Leonist) confusion of a socialist system in operation, even in its early stages.

You use as an illustration of the need for an Industrial Union, the manufacture of

LEPORE: I agree with the World Socialists' viewpoint that socialism must be a worldwide system without national boundaries. I disagree with the traditional De Leonist view on this matter. There are severe problems with the SLP's use of national terms, such as "a socialist United States" and "an international socialist order."

when it comes to the "ownership" of cars for pleasure—for traveling purposes—the object is to get wherever one wants to get to with the greatest possible degree of comfort and dispatch—unless one just wants a leisurely drive. How much easier it would be—and pleasurable—were it possible to call by phone for a car, and even for a driver, rather than having the nuisance of one's own vehicle in one's garage or yard. What you are doing, Michael, is carrying over the methods and the needs of industry under a system, the mode of production of which is geared to the "manufacture" of profits, into a system the mode of production of which is geared to consumerism—production for use.

Furthermore, Michael, you must be aware of the fact that the "wants" of the population are largely "manufactured" by the Advertising Industry. And, as noted above, the motivation behind it has to be profits. Would everybody want a yacht, for example, of his/her own? I, personally, cannot imagine why one must own a yacht in order to enjoy right of access to the use of one, when desired! I, personally, and as I am certain, millions of others, would not even be interested in yachting. And your inclusion of "jewelry" reminds me of an observation by that patron saint of capitalists—the 18th-century economist Adam Smith:

Gold and silver, as they are naturally of the greatest value among the richest, so they are naturally of the least value among the poorest nations. Among savages, the poorest of nations, they are of scarce any value." (*The Wealth of Nations*, Bk. 1, Ch. XI, PT. 111)

automobiles and, I presume, trucks of various sorts. Really! You must be aware of the fact that, under capitalism, the prime concern of the car companies is the production of profits, not motor vehicles; that contrived obsolescence is built into them to keep them from lasting in "health" over too long a time. Do you really believe that once the capitalist system has been abolished, once all of the useless and parasitical industries have been abandoned—which would have to take place immediately upon declaring the era of capitalism over and done with—that as many as one half of the vehicles being produced in these times would be needed? Why, even

Only a socialist working class can replace capitalism

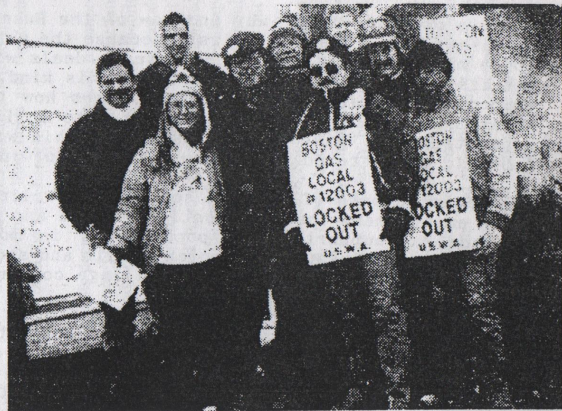
The concept of an industrial union implies a condition of wage-slavery. When workers organize in unions, they are carrying out a defensive strategy—exerting pressure on their employers (the owners of capital) to increase wages and improve working conditions. By doing this they hope to counteract the continuous tendency on the part of the capitalist class to keep wages down. Employers want to maximize profits, and the way they do that is to exploit the working class as much as possible. Employers deploy a battery of pressures to keep wages down (and profits high)—pressures ranging all the way from lockouts to death squads—that workers resist by organizing into unions.

Unions—a tool of resistance

Before capitalism trade unions did not exist. No one had ever heard of one, and no one had ever formed one. Artisans had formed guilds to regulate standards (although they also wanted to keep out unwanted competition); peasants and slaves had risen up in insurrection at intervals. But only wage-laborers, those possessing nothing but their own working abilities, could experiment doggedly with what the bourgeoisie once liked to style “combinations against trade” until they had fashioned a tool of resistance to use against the owners of capital.

Wage-earners have in principle no other means of survival than selling their working abilities to some employer for a wage or salary—no means, at least, recognized by what passes for economic “science.” This alone suffices to make employment slavery; but the whole reason for employing anyone is that, by reducing the bulk of the population to depending for its survival on employment, capital can accumulate itself by maximizing the difference between wages and the total value of the product reaching the market (surplus value or profit).*

Empirically speaking, people are compelled to pay to stay alive via this system of



Before the Revolution V. Discontented Boston gas slaves sending a message to their owners that they were tough enough to take still more punishment.

legalized robbery. Most people have considerable difficulty obtaining the money to pay with. *Only in this context* do unions (trade or industrial) make sense. The very notion of a union assumes a condition of wage-slavery—of employment—whether or not the union itself aims to eliminate production for profit.

The only “mission” of unions is to improve the conditions of wage-slavery within the capitalist system. To accomplish this, unions need only be anti-capital. Nothing requires them to be anti-capitalist; and ordinarily they aren’t. Workers may be anti-employer some or all of the time—but the most compelling argument for unions is that they enable workers to sell their labor-power on the market at its value. One way or the other, unions promote *employment* (which, again, is slavery). In system terms, they favor the continuation of a system that requires poverty to be the lot of the majority. Daniel De Leon’s notion that “the mission of Unionism is to organize and drill

the Working Class for final victory”** in the class struggle between workers and capitalists has little basis in history and no basis in fact.

Economic organization

Resistance to capital, furthermore, can take innumerable forms that don’t need to originate in the workplace. It can appear as political action, as social protest or as some combination of the two. While these are in the main reformist initiatives intended merely to improve the functioning of a bad system, they foreshadow the growing

* Workers who don’t actually produce wealth—and these are in the majority nowadays—have the dubious privilege of suffering *their* employers to preserve the surplus value the latter have scooped up at the point of sale. The same pressure tactics work just as well, and for the same reason: cheaper workers mean a higher return on invested capital.

** Preamble to the Industrial Workers of the World.

A fascinating, profound, informative book -- with a title that might sound boring -- is Soviet Agriculture by Zhores Medvedev (Norton, 1987).

It says more about the why and how of the Russian revolution than any other book I know of. First, because the author knows and cares about his subject. Second, because he deals with it the way Marx (at his best) dealt with subjects of this kind. He starts with the economic base of Russian society, shows how it gave rise to the superstructure of politics and came into conflict with that same superstructure. Like Marx at his best, his writing is clear and factual, uncluttered by dogma, but powerful in its judgements.

The economic base of Russian society was village farming. Farming in an environment that was hostile -- cold and dry -- and yet could be made to support large populations in moderate comfort. To accomplish this required complex skills and social structures that were developed and preserved by village communities.

The traditional rulers of this society lived by extracting labor services and taxes from the villages. Though brutal and despotic, they limited their extractions to a level that allowed the villages to survive. Whereas modernizing politicians -- first reformers, later professional revolutionaries -- undertook to destroy them.

Medvedev shows how one of the great reforms of the 19th century -- the freeing of the Russian serfs -- caused conditions in the villages to go from bad to worse, at the same time that industry and an industrial working class were starting to grow. This set the stage for revolution. But revolution did not happen until a particular crisis set it off. The crisis was lack of food -- caused by disruption of farming and food distribution.

I enclose excerpts for what is probably of most interest to Discussion Bulletin readers, the time when the revolution turned bad. There is much more, for both earlier and later times.

I got the book for \$1.75 at a remainder sale. Unfortunately, I think that means that it's out of print. Buy it if you can, or look for it in a library. This is a "must read" for anybody who cares how social systems work and how revolutions happen.

SOVIET AGRICULTURE

W.W. Norton Co. 1987

Zhores A. Medvedev

Many peasants who had been mobilized into the military industries during the war began to return to their villages and became extra mouths for the villages to feed, leaving even less produce available for the towns. The population of the large cities began to decline and the rural population to rise as people moved out in search of food.

Spring is the busiest agricultural season. Peasants need quiet to plough and sow their land. In the spring of 1918 there were vast areas of newly acquired land to be cultivated. But the villages were still in a state of turmoil and there were many local conflicts which had to be settled. The government, however, pressed on with its food requisitioning policy. The drastic measures taken against the private food trade by introducing a grain monopoly and using terror against speculators only served to aggravate the urban food situation. The Food Detachments were turned into a Food Army and operations were extended into the Don and Volga basins, the North Caucasus, and Siberia. Many demobilized soldiers had taken their arms home with them to the villages and armed clashes between the Food Detachments and organized groups of peasants became common. In the Cossack areas Food Army units were often defeated and destroyed.

As a result of the famine and the migration of workers back to the villages there was a sharp decline in industrial production. Hastily nationalized and expropriated industrial facilities were, in any case, not necessarily efficient. *Narkomprod* became the most important commissariat and it tried to establish a direct exchange of goods for food products. But one *pood* (16 kilograms) of grain was priced at one horseshoe or 200 grams of nails, and

Agriculture after the Revolution, 1918–1929 35

few peasants were prepared to exchange food at that rate. On May 13, 1918, the government published a harsh decree granting extraordinary powers to *Narkomprod* to deal with what was called "the greedy stubbornness of the village kulaks and rich peasants" who had accumulated enormous sums of money in their cash boxes. Since these rich peasants remained indifferent to the groans of the starving workers and poor peasants,

Only one way out remains—to answer the violence of the grain owners against the starving poor with violence against the grain hoarders. Not one pood of grain should remain in the hands of the peasants beyond the amount required for the sowing of their fields and the feeding of their families until the next harvest.⁴

This decree was unrealistic and incompetent. In the drought-prone provinces of the south, peasant families always required grain reserves far in excess of the amount required for sowing, since the prospect of a poor harvest was always present. In May 1918 the quality and quantity of the next harvest could not be predicted. It would be impossible to confiscate all but a three- to four-month supply of grain without widespread violence. And as for the enormous sums of money accumulated in cash boxes—there probably were many such boxes, but they were filled with banknotes which had very little real value.

On June 1, 1918, *Sovmarkom* published a new directive signed by Lenin, Trotsky, Lunacharsky, and other prominent Bolshevik leaders. The newly formed Red Army was charged with the same tasks as the Food Army, but they were phrased in a more radical way.

The detachments you form, together with the disciplined units of the Red Army, led by experienced and tested revolutionaries and specialists in food procurement, will march out to win the grain from the village bourgeoisie.

Merciless war against the kulaks!

Thus and only thus, comrades, workers and starving peas-